

Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 03400 241701Z
ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 L-03 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-07 IO-13 NEA-10 NSAE-00
USIA-06 OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 /087 W
-----242244 029988 /75-E61

R 241648Z FEB 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 5897
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY TOKYO
AMEMBASSY CANBERRA
USMISSION OECD PARIS

LIMITED OFFICIAL USE BONN 03400

E.O. 11652: N/A
TAGS: EAID, DAC, GW
SUBJ: ECONOMIC ASSISTANCE - UNTYING PROCUREMENT

REF: (A) STATE 32531, (B) STATE 32532, (C) STATE 35856

1. ACCORDING TO ECONCOOPMIN (KERN) THE FRG WILL NOT RPT NOT ACTIVELY SUPPORT US UNTYING PROPOSAL AT NEXT MEETING OF DAC WP/FA ON MARCH 2. AN INTER-MINISTERIAL MEETING WILL NOT BE HELD UNTIL NEXT WEEK, BUT KERN EXPECTS CONCURRENCE FROM THE OTHER MINISTRIES FOR THIS POSITION.

2. KERN SEES THE US PROPOSAL TO UNTIE A MAXIMUM NEGOTIATED PACKAGE OF AID AS A STEP BACK FROM THE PREVIOUSLY ACCEPTED (EXCEPT BY THE US AND FRANCE) GOAL OF 100 PERCENT UNTIED LOANS EXCEPT FOR DEROGATIONS. HE ALSO BELIEVES THAT ACCEPTANCE OF THE US PROPOSAL WOULD
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 03400 241701Z

NOT BE SEEN BY LDCS AS A POSITIVE STEP IN THE NORTH-SOUTH DIALOGUE AS THE ORIGINAL UNTYING PROPOSAL WAS TO BE. KERN FEARS THAT DAC DONORS WILL HAVE AN EXCUSE TO PULL BACK FROM THE 100 PERCENT GOAL.

3. EMBOFF COMMENTED THAT 100 PERCENT GOAL DOES NOT SEEM REALISTIC AND THE US PROPOSAL OFFERS A WAY OF

ACHIEVING A MAXIMUM PERCENTAGE OF UNTIED AID WHILE MAINTAINING EQUITABLE COMMERCIAL BENEFITS FOR ALL. KERN, HOWEVER, RETORTED THAT IF COMMERCIAL EQUITY IS OVER STRESSED, DAC DONORS WILL NEVER COME CLOSE TO 100 PERCENT GOAL. HE COMMENTED THAT ALL DAC DONORS ACCEPT THE PRINCIPLE OF DEROGATIONS TO PROTECT SENSITIVE INDUSTRIES. THE PRINCIPLE OF 100 PERCENT UNTYING SHOULD REMAIN, HOWEVER.

4. KERN COMMENTED ON THE DETAILS OF THE US PROPOSAL IN THE EVENT THAT A DAC CONSENSUS SUPPORTS IT:

-- FRG AGREES THAT ANY UNTYING AGREEMENT SHOULD BE POLITICALLY, RATHER THAN LEGALLY, BINDING.

-- FRG ALSO AGREES TO THE INCLUSION OF GRANTS.

-- THE PROVISION FOR CONSULTATIONS IN THE EVENT OF CHANGES IN AID PLANS COULD CREATE PROBLEMS IF THE CALL FOR CONSULTATIONS MEANT THE SUSPENSION OF ALL PREVIOUSLY NEGOTIATED UNTIED AID LEVELS.

-- FRG CAN PROVIDE INFORMATION BY RECIPIENT COUNTRY ON HOW MUCH AND, IN GENERAL, FROM WHICH SUPPLIERS, PROCUREMENT IS MADE. HOWEVER, INFORMATION ON THE KINDS OF GOODS PROCURED WOULD INVOLVE THE EXAMINATION OF REAMS OF INVOICES, TO SOME OF WHICH THE FRG HAS NO ACCESS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BONN 03400 241701Z

5. COMMENT: IN ORDER TO APPEAR TO BE FORTHCOMING IN CIEC, FRG FONOFF WILL UNDOUBTEDLY SUPPORT THE ECONCOOPMIN'S RESERVED ATTITUDE TOWARD US PROPOSAL. ECONMIN, WITH INTERESTS OF GERMAN INDUSTRY TO PROTECT, WOULD NOT MIND SEEING MORE AID DEROGATIONS, BUT IN LIGHT OF THE ALREADY HIGH RETURN OF EXPORT ORDERS TO GERMAN SUPPLIERS OF GERMAN ODA, ECONMIN WILL NOT ARGUE VERY LONG. ACCORDING TO KERN, OF THE 80 PERCENT OF 1975 GERMAN CAPITAL AID TRACEABLE, 61 PERCENT CAME BACK TO THE FRG IN EXPORT ORDERS. KERN SUSPECTS A MAJORITY OF THE 20 PERCENT NOT TRACEABLE ALSO FOUND ITS WAY BACK. THE NEW MINISTER FOR ECONCOOP, FRAU SCHLEI, USES A RETURN FIGURE OF 270 PERCENT FOR FRG CONTRIBUTIONS TO THE WORLD BANK WHEN SHE IS TRYING TO MARSHAL PUBLIC OPINION BEHIND INCREASED ODA. IN VIEW OF THESE FIGURES THE FRG IS RELUCTANT TO COME DOWN FROM ITS COMFORTABLE POSITION OF DEMANDING 100 PERCENT UNTIED AID AS A "POSITIVE" GESTURE TO THE THIRD WORLD. STOESEL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, LESS DEVELOPED COUNTRIES, RESOLUTIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN03400
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770064-1106
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770215/aaaaamsz.tel
Line Count: 116
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1275c1bf-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 STATE 32531, 77 STATE 32532, 77 STATE 35856
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 16-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3245403
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC ASSISTANCE - UNTYING PROCUREMENT
TAGS: EAID, GE, US, DAC
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/1275c1bf-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009